

Pentagon scheme for a futures market in terror

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The latest revelation of depravity at the highest levels of the Bush administration—the exposure of a Pentagon plan to establish a futures market in terrorist attacks, assassinations and military strikes—is yet one more demonstration of the criminal character of the forces that wield power in America.

Under the scheme, dubbed Policy Analysis Market, or PAM, the Defense Department planned to launch a futures market in which wealthy and anonymous insiders would bet on the likelihood of such occurrences as the assassination of Palestinian leader Yasser Arafat, the overthrow of the Jordanian monarchy, or a North Korean missile strike. Those whose speculative investments panned out—in the form of terrorist violence and war—would stand to reap a handsome return.

As the web site of the Pentagon project promised: “Involvement in this group prediction process should prove engaging and may prove profitable.”

The web site further guaranteed the anonymity of speculators and their immunity from government oversight, declaring that government agencies would not be allowed to participate and would not have access to the identities or funds of traders. The initiative was set to begin registering up to 1,000 traders on Friday, August 1.

The Bush administration had requested \$8 million to fund the PAM futures market through 2005. According to a July 29 article in the *New York Times*, “The overview of the plan said the market would focus on the economic, civil and military futures of Egypt, Jordan, Iran, Iraq, Israel, Saudi Arabia, Syria and Turkey and the consequences of United States involvement with those nations. The creators of the market envision other trappings of existing markets like derivatives.”

The plan was scotched after two Democratic senators, Byron Dorgan of North Dakota and Ron Wyden of Oregon, called a press conference on Monday to denounce it. “Can you imagine,” Dorgan asked, “if another country set up a betting parlor so that people could go in—and is sponsored by the government itself—people could go in and bet on the assassination of an American political figure?”

Wyden explained the operation of the scheme as follows: “For instance, you may think early on that prime minister X is going to be assassinated. So you buy the futures contracts for 5 cents each. As more people begin to think the person’s going to be assassinated, the cost of the contract could go up, to 50 cents. The payoff if he’s assassinated is \$1 per future. So if it comes to pass, those who bought at 5 cents make 95 cents. Those who bought at 50 cents make 50 cents.”

The senators pointed out that those with vested interests, including terrorists and big investors seeking to profit off of terrorist atrocities, could utilize the government-run market to manipulate events. The Pentagon initially defended the program, issuing a statement that said,

“Research indicates that markets are extremely efficient, effective and timely aggregators of dispersed and even hidden information. Futures markets have proven themselves to be good at predicting such things as election results...”

On Tuesday, however, when leading Congressional Republicans joined in denouncing the plan, the Defense Department reversed itself, removing the PAM web site and announcing it had cancelled the project. At the same time a Pentagon spokesperson rebuffed demands from some Democrats that the Pentagon official in charge of the project, retired admiral John Poindexter, be fired.

The plan was a joint project of the Defense Department’s Defense Advance Research Projects Agency (DARPA) and two private companies—Net Exchange, a San Diego-based market technologies firm, and the Economist Intelligence Unit, an arm of the British *Economist* magazine. It was under the jurisdiction of Poindexter, who directs the Terrorism Information Awareness program, another DARPA project.

Poindexter is eminently suited to oversee such a perverse and reactionary undertaking. Last year he came under attack for proposing that his program, then called the Total Information Awareness program, carry out a sweeping electronic surveillance plan in which the Pentagon tapped into computer databases to collect the medical, travel, credit and financial records of millions of people. This year Congress banned Poindexter’s program from being used against American citizens, and the Senate voted to block all spending on it. A similar cutoff was defeated in the House of Representatives.

Poindexter is one of several Bush appointees who, as officials in the Reagan administration, played leading roles in the Iran-Contra affair of the 1980s. He is one of at least two Iran-Contra veterans in the present administration to whom the designation “criminal” applies in a literal sense, both men having been convicted of crimes arising from their actions in that illegal and anti-democratic conspiracy.

Poindexter, who was Reagan’s national security adviser, was convicted on five felony counts, including lying to Congress and obstructing the investigation of Iran-Contra Special Prosecutor Lawrence Walsh. His conviction was overturned in 1990, along with that of Lt. Col. Oliver North, by a three-judge federal panel, thanks to the votes of judges Laurence Silberman and David Sentelle, two right-wing Republicans who subsequently played prominent roles in the Kenneth Starr investigation and impeachment conspiracy against President Clinton. [See “Who is Laurence Silberman,” July 18, 1998]

Poindexter’s partner in crime is Elliot Abrams, appointed by Bush to direct the office for democracy, human rights and international operations at the National Security Council. Abrams pled guilty in 1991 to lying to Congress. As one of his final actions before leaving

the White House in 1992, the elder George Bush, the father of the current president, pardoned Abrams.

The Iran-Contra conspiracy involved a secret and illegal operation headquartered in the basement of the White House and functioning under North, an official in the National Security Council, to finance and support the “contra” forces that sought to overthrow the leftist Sandinista government in Nicaragua. North recruited a network of ex-CIA and military men, Cuban counterrevolutionaries, fascists, drug-runners and other gangsters to assist in the contras’ war of terror and murder against the Nicaraguan people.

To finance the Nicaraguan operation and secure the release of American hostages, North and his cohorts in the Reagan administration arranged the clandestine sale of missiles to Iran.

The entire operation was in direct violation of the Boland Amendment, passed by Congress in 1982, which banned US government assistance to the contras. Poindexter, as head of the National Security Council, supervised the activities of North and others, such as Abrams, who were involved in supporting the Nicaraguan terrorists.

One aspect of the Iran-Contra conspiracy was a Federal Emergency Management Agency plan called Rex ’84, reportedly drawn up by North, that called for the declaration of a “State of Domestic National Emergency” in the event of a war in Central America, and for rounding up 400,000 Central Americans and “known Communist terrorists.”

It is already clear that the mass media has decided to bury the issue of the Pentagon’s futures market in terror. In keeping with their consistent policy of covering up the crimes of the Bush administration and concealing its anti-democratic and gangster-like methods, the most prominent newspapers reported the PAM revelations in a semi-jocular tone and the cable news networks barely noted them at all.

At a White House press conference held on Wednesday, Bush’s first formal news conference in four months, not a single question was asked about the Pentagon’s terrorist futures market.

The *New York Times* published an editorial under the title “Poindexter’s Follies,” in which it called for shutting down Poindexter’s “wacky espionage operation” at the Pentagon and dismissing the Bush appointee. That, as far as the cynics at the *Times* are concerned, should be the end of the matter.

Nothing more could be expected from the corrupt and compromised US media. But the Pentagon betting scheme is no joke. It embodies the nexus of fascistic political forces at the highest levels of the state and elements of the corporate underworld who are involved in continuous conspiracies to further enrich themselves through attacks on the democratic rights and social conditions of American workers and subversion and military aggression against the peoples of the world.

These revelations demand a full and open investigation. Who are the architects of this monstrous scheme? What was the role of Secretary of Defense Donald Rumsfeld? Who are the 1,000 insiders handpicked by the Pentagon to be on the ground floor of its betting parlor? What are their financial interests in the Middle East, the Korean peninsula, and elsewhere?

There is a further matter raised by the PAM project that demands serious investigation—the well documented wave of stock and bond speculation that preceded the terrorist attacks on New York and Washington of September 11, 2001. In the two weeks prior to 9/11, there was a sudden and extraordinary rush of trades on the American financial markets that indicated certain wealthy and well-connected

investors had advance knowledge of an impending disaster.

Large sums were unaccountably bet on the prospect of a major crisis that would drive down the value of stocks in the airline, tourism and insurance industries, and undermine confidence in the US economy as a whole. This took the form of short-selling in the stocks of major companies in the above-named sectors, as well as firms with offices in the World Trade Center. This was accompanied by unusually large purchases of five-year US Treasury notes just prior to the hijack-bombings. These notes are prized as the best investments in the event of a world crisis, especially one that hits the US.

Shortly after September 11, the US Securities and Exchange Commission, the Secret Service and the FBI all announced investigations into the suspicious pattern of stock and Treasury note trading. At the time these probes were given little coverage by the media, and as of today—more than 22 months after the 9/11 attacks—no results of any investigations have been publicized.

At the time, the *World Socialist Web Site* wrote: “But the otherwise inexplicable rush of Treasury note buys and short-selling in specific stocks is a further indication that those involved in the planning of the attacks included highly sophisticated and well-endowed people with a deep understanding of many facets of American society.”

There is thus a precedent for financial speculation in terrorist atrocities—one that is well known to government and media officials and certain large investors, and remains unexplained to the American people.

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